

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7520**

**BILL NUMBER:** HB 1344

**DATE PREPARED:** Jan 7, 2001

**BILL AMENDED:**

**SUBJECT:** Industrial Rail Service Fund.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**      **GENERAL**  
                                 **X DEDICATED**  
                                 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill removes a provision that allows money from the Industrial Rail Service Fund to be used for a grant to serve as local matching funds in carrying out a demonstration project for the relocation of railroad lines from the central area of a city under the Federal-Aid Highway Act of 1973. It provides that money from the fund may be used to: (1) provide not more than \$50,000 to fund a study to determine the needs of Class II and Class III railroads; and (2) make grants to Class II and Class III railroads for rehabilitation of railroad infrastructure (rather than rehabilitation of railroad tracks).

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** The uses of the Industrial Rail Service Fund are statutorily limited to six provisions. This bill replaces one of the provisions with a study (costing no more than \$50,000) to determine the needs of Class II and Class III railroads. Removing the provision that allows money from the Fund to be used for a grant to serve as local matching funds in the relocation of railroad lines will have an indeterminable impact on the Fund, depending on the number of projects that might have qualified under this provision. (The relocation project for which this Fund was used has been completed in Lafayette.)

The new provision, funding a study costing no more than \$50,000 to determine the needs of Class II and Class III railroads, means that this amount may not be used for other purposes.

The fiscal impact of expanding how grants to Class II and Class III railroads for rehabilitation of railroad **infrastructure** rather than tracks will depend upon the number and the amount of grants which will be used for the new and expanded purposes as opposed to the more limited purpose.

*Background:* The Industrial Rail Services Fund is funded with a distribution of 0.04% from the State Sales Tax. The table, below, shows the activity in the Industrial Rail Service Fund for the last three fiscal years.

<b>Revenues</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>
Sales Tax	\$1,320,801	\$1,372,950	\$1,484,285
Interest	\$263,374	\$226,943	\$232,651
Late Fees	\$49,987	\$0	\$0
Repayment of Loans	<u>\$298,200</u>	<u>\$303,112</u>	<u>\$1,026,919</u>
Total	\$1,932,200	\$1,903,112	\$2,743,855
<b>Expenditures</b>			
Grants	\$275,000	\$565,000	\$4,355,990
Loans	<u>\$800,000</u>	<u>\$0</u>	<u>\$0</u>
Total	\$1,075,000	\$565,000	\$4,355,990

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See Explanation of State Expenditures.

**State Agencies Affected:** Department of Transportation as administrators of the Industrial Rail Service Fund.

**Local Agencies Affected:** Those units which operate a Class II or Class III railroad, City of Madison operates a Class III railroad.

**Information Sources:** Ron Thomas, Director of Special Projects for the Indiana Department of Transportation, 232-5518.